

– REMARKS OF MAYOR PAUL D. FRAIM –
NORFOLK STATE OF THE CITY
FRIDAY, FEBRUARY 21, 2014
12:00 PM

Good afternoon.

It is once more an honor to be with so many people who care so deeply about our city – Norfolk.

Your energy and enthusiasm is inspiring, and never fails to confirm the belief that, working together, we can accomplish great things...so thank you for being here.

We'll long remember the major winter storm that hit January 28 with bitterly cold temperatures and nearly 10 inches of snow. During and after the event, city crews and VDOT personnel – stayed on the job treating and plowing the roads. Along with the police, fire rescue, emergency services, public works, parks and recreation and department of utilities staff – they did a fantastic job, so please thank them for an outstanding performance.

Before we go any further, let's remember a special citizen who left us last month – Josh Darden. With his passing the city lost a great friend and patron. His love for Norfolk, and his deep belief in a responsibility to give back to the community, were expressed through quiet leadership and support of initiatives that have greatly benefitted our community – especially our young people. The ACCESS College Foundation, CIVIC Leadership Institute and the Hampton Roads Community Foundation are examples of some of the organizations he helped create – too many to mention.

Josh's death leaves a void that will be difficult, if not impossible, to fill. We will all miss him greatly.

Less than two weeks ago – on February 10 – John Reinhart, the retired CEO of Norfolk-based Maersk Line Ltd., became executive director and CEO of the Virginia Port Authority, one of our main economic drivers. John's management experience will be important in leading the Port and for capitalizing on the opportunities that will come when the Panama Canal widening is complete.

John has been a good friend of the city, and we look forward to working with him in his new capacity.

We're pleased to be joined today by General Jean-Paul Palomeros, NATO's Supreme Allied Commander Transformation and Admiral William Gortney, Commander, U. S. Fleet Forces Command. Gentlemen, thank you for being here.

Norfolk is committed to the goal of being the most military and veteran friendly city in the country. We appreciate the men and women in uniform who are keeping us safe in a dangerous world – they are part of the Norfolk family. We also appreciate the many veterans who reside in our city. We have engaged in a focused effort to assist their transition to civilian life, including establishing a Veterans Advisory Commission.

The Commission has organized moving ceremonies in observance of Memorial Day and Veterans Day. It also helped secure Norfolk's selection as a commemorative partner in the Defense Department's observation of the 50th anniversary of the Vietnam War. This year, the Virginia Arts Festival Tattoo will honor veterans of the Vietnam War and their families. The Tattoo has been designated as the signature event in 2014 for the United States of America Vietnam War Commemoration.

In recognition of this, we invited – and have with us today – the former commander of U. S. Fleet Forces Command and now the Commonwealth's Secretary of Veterans Affairs and Homeland Security, and friend, retired Admiral John Harvey. Thank you for coming.

Norfolk is the first municipality in the State to be certified as a Virginia Values Veterans employer. This means we have met our commitment to hire veterans. Concern for our homeless veterans led to a partnership between the City, NRHA and the Veterans Administration to end chronic homelessness among the City's veterans.

Housing Our Heroes is dedicated to ending homelessness for this population by Memorial Day 2015. These examples and more are why we continue to lead the nation in supporting veterans and their families as well as active duty military.

Much of our effort has been inspired by the Commissioner of Veterans Services of the Commonwealth of Virginia, retired Navy Commander Paul Galanti. Mr. Galanti is a 1962 graduate of the U. S. Naval Academy where he was president of his class.

After completing Navy jet flight training he departed for Southeast Asia in November 1965. Paul flew 97 combat missions before being shot down and captured on June 17, 1966. He remained a prisoner of war for nearly seven years in North Vietnam's infamous Hanoi Hilton complex. Despite being tortured, he not only maintained his sanity, he has managed since his return in February 1973 to excel in several different fields. I might add that he is also presently a member of the board of

visitors at the Virginia Military Institute. His personal decorations include the Silver Star, combat awards of two Legions of Merit and the Bronze Star, nine combat air medals and two purple hearts.

We are highly honored by the presence here today of a great man. Please stand and express your appreciation for a true American hero – Paul Galanti. Thank you, Paul, for joining us today.

In a wonderful recognition of our growing attractiveness as a place to live, work, and play, the National Civic League selected Norfolk as an All America City for 2013. Our innovative and nationally recognized approach to flooding, our support for veterans, and our Neighbors Building Neighborhoods civic initiative were singled out as decisive qualities leading to the award. Congratulations to City Manager Marcus Jones and Team Norfolk on this achievement.

More evidence of downtown being THE place to live in Hampton Roads came from the real estate information service – RealtyTrac – which recently named downtown's 23510 zip code as the third-best hipster neighborhood in the nation.....I'm not exactly sure what hipster means, but I'm sure it's good. The zip also includes the historic downtown neighborhood of West Freemason which the American Planning Association named as one of the nation's Ten Great Neighborhoods for 2013.

The APA's state chapter recognized five years of work by the Planning Commission when it designated plaNorfolk 2030 as the State's Outstanding Comprehensive Plan. Congratulations to West Freemason and the Planning Commission for these accomplishments.

Norfolk has a proven record of sound financial management. Actions taken over the last couple of years to further strengthen our financial foundation led Standard & Poor's to upgrade the City's bond rating from AA to AA+. This was an enormously important achievement. It's the first upgrade in 50 years, and will help reduce borrowing costs. In and of itself, this is a remarkable achievement at any moment... but even more so in light of the city still experiencing the impact of the Great Recession and sequestration. Rest assured, our financial house is in order.

More evidence of fiscal discipline is our relatively modest real estate tax rate when compared to the seven sister cities in Hampton Roads. Norfolk's rate is regionally competitive and reflects the City's seriousness about financial stewardship.

We are also encouraged by signs of the City's strengthening economy. Unemployment has fallen to 6.3%, a full percent decline from this time last year.

Crime dropped another 4% to continue a decade-long trend. State census figures show our population grew again last year for a total increase of 1.5% since the 2010 Census. And I am pleased to report that development projects announced, underway or delivered in the past 18 months conservatively represent \$1.3 billion dollars of investment, and more than 3000 new jobs. Let me say that again...\$1.3 billion dollars and 3000 + new jobs.

But as the economy improves and more jobs are created, all citizens need an opportunity to participate. The good we secure for ourselves is precarious and uncertain until good is secured for all and woven into the fabric of our community.

Today, we estimate there are 210,000 jobs in the city. Presently, 16.5% of families in Norfolk live in poverty. Other persistent challenges include high rates of out-of-wedlock births and single female heads of household. All are indicators of poverty; all are causes of poverty, and a major cause of a lower rate of educational attainment. We must do better.

This helped persuade the council to appoint a high-level task force to examine the nature of poverty in Norfolk and recommend actions to reduce the number of persons living in poverty. This initiative is co-chaired by Vice Mayor Angelia Williams and Councilman Andy Protogyrou. It is a serious challenge.

Through research and building on what's worked in cities across the country, the 33 member Mayor's Commission on Poverty has identified four critical areas of focus:

- (1) supporting early childhood development and parents;
- (2) improving the education and career pathways of young people,
- (3) strengthening opportunities for adults to thrive in the workforce, and
- (4) revitalizing the City's neighborhoods.

Commissioners are studying available data, reviewing the strengths and weaknesses of current approaches, exploring promising models, and generating a first draft of strategies to move the needle on local poverty statistics.

Over 130 citizens weighed in on these topics through Town Hall meetings. The plan is due to be completed in June 2014.

For too long we've played defense on poverty issues, trying simply to mitigate the worst effect. Now it's time to go on the offensive and to recognize the untapped

potential of our people as both the right thing to do and a critical economic opportunity for us.

All of our major downtown projects advanced last year.

Construction on the Slover Main Library is at the point where we will open in less than a year. The Slover will be one of the most technologically advanced libraries in the country. A preview center will open next month on Main Street. And I have to say again that without the generous support of the late Frank Batten and his wife, Jane, none of this would have been possible.

This summer we'll cut the ribbon on Phase I of the new courthouse. It will provide modern, secure offices and courtrooms for circuit and general district courts and their clerk's offices. Phase II begins later this year, and will house the Juvenile & Domestic Relations Court, the Law Library and the Sheriff. This is a \$121 million dollar public building, and it will be the finest courthouse in the Commonwealth.

This past October, the City finalized an agreement with The Cordish Company for the renovation and reinvention of Waterside. Cordish has agreed to invest up to \$38 million dollars in a rebranding of the waterfront icon into Waterside Live!

Waterside Live! will create hundreds of new jobs...it is projected to generate an estimated \$93 million dollars in direct revenue to the City over 30 years and an estimated \$850,000 annually in parking revenue. Here today representing the Cordish Company are Michael Stoltz and Taylor Gray.

Thanks to a partnership between the City and Gold Key PHR Hotels, we expect to be under construction this summer on a 23-story full-service Hotel and Conference Center fronting Main, Granby and Plume streets. Its modern design includes a state-of-the-art 50,000 square foot conference center and three restaurants, and will incorporate the old Decker Building façade on Plume Street.

The developer – Thompson – has a very aggressive schedule with plans to open approximately two years from now. The hotel/conference center will be a market maker. It will create 250 new jobs...make us competitive with the D. C. area, Charlotte and Raleigh-Durham...it will also enable us to attract more and larger conferences now lost to other markets. It will drive more business to the city.

We're glad to have Bruce with us here today. The new hotel/conference center and Waterside Live! will complement each other and the rest of downtown.

Carnival Cruise Lines recent decision to resume cruises out of Norfolk next fall was a welcome announcement. I want to thank Governor McAuliffe for helping make this happen. This is good news for Norfolk and the Commonwealth, and good news for Carnival. Norfolk is within a five hour drive of more than 8 million adults, and I am confident a smart promotional campaign by Carnival will help them succeed in this market.

Also on the waterfront, Nauticus celebrates its 20th anniversary after coming off one of its best years ever for both visitors and revenue. The Wisconsin continues to be a major attraction that was enhanced by opening more of the ship's interior to the public.

Another of our downtown attractions – the MacArthur Memorial – celebrates its 50th anniversary this year.

Elsewhere downtown, a nearly \$10 million dollar renovation was completed on the Monroe Building – a downtown historic landmark and home to the Governor's School for the Arts. 355 students and 54 faculty reported last month to a facility that, for the first time, brings all school operations downtown adding more life to Granby Street. Congratulations to Principal Andrea Warren on a job well-done.

As you know, we are working with the Simon Property Group to develop a portion of the Lake Wright Golf Course into a Premium Outlet Center. This is a \$75 million dollar project. It will bring 120 upscale shops to the city. It will create 300 construction jobs, 800 permanent jobs and return an estimated \$4.2 million dollars annually in tax revenue.

Simon's decision to bring the next generation of designer shopping here demonstrates the private sector's recognition of Norfolk as the crossroads of Hampton Roads. This is the most important retail development since MacArthur Center opened 15 years ago.

A key component of this development will preserve much of the golf course – including the lake – as public open space.

I am also pleased to announce that just last week the city council approved the Economic Development Authority accepting a Letter of Intent for the sale of 30 acres of the Lake Wright Golf Course, land Norfolk owns in Virginia Beach, to a joint venture between Simon and S. L. Nusbaum.

This parcel was previously offered to our neighbor, Virginia Beach. It will

constitute Phase 2 of a larger comprehensive plan. This is forecasted to be a \$50 million dollar development.

It will prove to be a win-win for Norfolk and Virginia Beach. Norfolk gets paid for its property confident that the development will complement the upscale Simon outlet mall, and Virginia Beach gets about \$85 million dollars in annual sales of which 60% will come from out of the area. It will generate approximately \$2.5 million dollars in annual taxes and create some 500 jobs.

I am glad to say staff of the two cities have been meeting on a regular basis since early August. In fact, our staffs have met no less than 11 times. And there have been additional telephone conferences and exchanges of information. Both councils received the same briefing last October in closed session. Cooperation has been excellent.

Of course, there is more to do. A traffic study concluding that both developments could be serviced by a new road needs to be validated. Community outreach must occur – and more.

Still, there is plenty of reason to be confident that working together both projects will be built and both cities will benefit.

Nearby at Lake Wright Executive Park, Amerigroup's relocation of 1200 employees into the former USAA headquarters is moving towards a May completion. This is a \$23 million dollar investment that brings 1200 jobs to Norfolk. Amerigroup's confidence in the city is greatly appreciated.

Norfolk is also proud to be home to Portfolio Recovery Associates which has operations in the U. S. and Great Britain.

For the second year in a row, PRA was named one of Fortune's 100 Fastest Growing Companies, and was listed by Forbe's as one of the Top 25 Small Companies in America. Located in the Riverside Corporate campus, Portfolio recently completed a 30,000 square foot expansion. It has added 75 employees to accommodate its exceptional growth.

Just Wednesday, PRA announced the biggest deal in its history – an agreement to buy a Norwegian debt-collection company that operates in 14 European countries and Canada. The 1.3 billion dollar purchase vaults PRA into the ranks of the world's largest debt specialists. PRA's chairman, president and CEO Steve Frederickson said he sees future growth in Norfolk. Steve is here today...please stand so we can

recognize you.

From its corporate headquarters on Main Street, the Norfolk Southern Corporation operates 20,000 miles of track in 22 states and D.C. The NS enjoyed a record breaking 4th quarter and an annual profit that grew 9% over 2012.

Last year, the railroad celebrated 50 years of service for its Lamberts Point coal loading facility at Pier 6 – the largest and fastest such facility in the northern hemisphere. We are proud to be home to the best run, best managed transportation company in America, and congratulations to CEO Wick Moorman, president Jim Squires and everyone at NS on another great year.

The transfer of city-owned property on West 21st Street allows for construction to begin on Ghent Station, a \$17.5 million dollar mixed-use development that will feature a Fresh Market grocery store and a Bon Secours medical office building. You can expect to buy your turkey there this Thanksgiving. Already its positive impact is seen in new businesses that have opened across from it on 21st Street.

The recent announcement that the acclaimed Richmond restaurant – Croaker's Spot – will open a Norfolk location on 35th Street was a welcome development for Park Place. To demonstrate the business potential of the 35th Street corridor, last fall the Park Place Business Association and civic league planned and carried out a Better Block demonstration.

Also new in Park Place is the YMCA that opened last spring on Granby Street. Thanks to an anonymous donor, construction has begun next door on the Commonwealth's first early education school. This \$10 million initiative includes an endowment. Opening this fall, it will serve 104 children using innovative, high quality, evidence-based curricula. Our goal is to advance early education in the City, so students will be tracked through Grade 3 to assess the school's effectiveness in narrowing the achievement gap.

In the Broad Creek section, the City is moving forward to conclude negotiations for a Walmart Neighborhood Market and a WaWa on property at Princess Anne and Ingleside roads. This \$10 million development will bring much needed services and new jobs to an area of the city that has been underserved for decades.

In April, the Salvation Army opens its \$80 million dollar Kroc Community Center at Broad Creek. This regional mega-facility will have a large gym, a pool, fitness areas, worship space and a theatre for performing arts. It will transform this area of our city. Josh Darden's last gift to us was raising \$24 million dollars for the

endowment. Thanks also to Anthony Burfoot for his leadership of the redevelopment of Broad Creek.

At Wards Corner, the \$18 million dollar K&K Square is all but finished. Anchored by a Harris Teeter store that opened two days ago, the new shopping center is almost fully leased with tenants that include Towne Bank, Starbucks, Subway, Moe's and Albano Cleaners. This is the largest and most important development for Wards Corner in generations. Thanks go to the Perry family for an investment that will help revive this important section of the city.

In a significant development for the Norview area, Black and White Cabs opened a \$600,000 expansion to its operations center on Sewells Point Road complete with the latest in mobile cab technology. This 63 year old family business, owned by Judy Swystun, was recently presented a national award as Taxicab Large Fleet Operator of the Year. Congratulations, Judy.

These developments and more are helping reduce our dependence on defense spending, something economists have said for years the region needs to do. We are trying.

Last year, defense spending accounted for 44% of the gross regional product – down from 48% the year before. Norfolk businesses are also heeding the advice to diversify, and there may be no better example of this than Colonna's Shipyard, one of Norfolk's oldest family-owned businesses operating in an industry employing nearly 35,000 people.

Led by its chairman, Bill Colonna, the business has been owned by the Colonna family since 1875 – nearly 140 years. While most family owned shipyards have been bought by national defense companies, Colonna's has successfully adapted to the changing industry. It has a national reputation for high-quality, on-time work, and set a record last year for annual revenue. With approximately 600 employees, it is also an important source of jobs for our citizens. I am pleased Karen Colonna was able to be with us today. Please join me in congratulating her on maintaining a successful business in a very competitive marketplace.

Colonna's just recently acquired 17 acres for expansion from the Schaubach Companies as part of a move that will consolidate all Schaubach Companies operations and over 200 employs to 18 acres in Virginia Renaissance Park, site of the former Ford Plant in Norfolk.

Norfolk has always been a center for innovation. This is seen in our defense

industry – with 746 businesses at last count – in ship building and repair, in our private sector, our colleges and universities and in our arts community. The creativity of Colonna employees is one example.

We've heard about companies like Paramount Sleep and Bauer Compressors that do business globally. Another example is Auxiliary Systems Incorporated, a 28-year old company owned by Sharon Williams and employing 130 people – half of them veterans. It is nationally known for original engineering and manufacturing equipment essential to marine repair.

Earlier this month, custom power generators made by AMI were on-site at the Super Bowl in the event of another power failure. This is another great example of an innovative Norfolk company. Sharon Williams is here today.

Norfolk's reputation for innovation is also seen in a growing number of new small businesses. Dr. Lucy Gibney – an emergency physician and EVMS graduate – is one example of this entrepreneurial spirit. In 2007, Dr. Gibney started a home business making cookies for people with food allergies. Today, her company operates out of a 17,000 square foot facility in Central Business Park. She employs 60 people making hypo-allergenic foods sold in more than 7000 stores in the U. S. and Mexico. This is a wonderful local success story.

The widely acclaimed success of O'Conner Brewing and Smartmouth Brewing is giving Norfolk a state and national reputation for locally produced beers. Kevin O'Conner brought local brewing back to Norfolk when he opened a 7,000 square foot brewery in Park Place three and a half years ago. His beers grew so popular that he's moving to a larger facility in Park Place that will triple production capacity.

Smartmouth – led by Porter Hardy and brewmaster Gregg Pap – is located in the entrepreneurial neighborhood of Chelsea, an industrial area next to West Ghent that's home to other small businesses such as The Birch, Tortilla West, New Leaf Florist, Acclaimed Events and, soon, Bakehouse at Chelsea. Smartmouth celebrated its first year in business last November with a bronze medal at the Great American Beer Festival, and is already expanding its facility. Kevin – Porter...thanks for being here.

A number of other new start-ups have opened in downtown, in the Colley Avenue-21st Street corridor, Riverview Village and elsewhere.

Together with support from the business community and the City, they are why Entrepreneur Magazine named Norfolk one of the top five U. S. cities for entrepreneurs in 2013. This is a great recognition for our local entrepreneurs, and their increasing

importance to the city's economy.

As home to Old Dominion and Norfolk State universities, Virginia Wesleyan College, Eastern Virginia Medical School and Tidewater Community College, Norfolk is the region's center for higher education.

We are pleased to be joined by Norfolk State University's interim president, Eddie Moore. Mr. Moore was president of Virginia State University for 17 years, and brings a record of strong, proven leadership to Norfolk State which is a vital institution of higher education. Please join me in welcoming him.

Old Dominion University president John Broderick recently led the university through a campus master planning process that will double classroom, research and student support space, all within the existing campus boundaries. It also includes a new 30,000 seat football stadium to replace Foreman Field. We're looking forward to next September's Friday night nationally televised game – also a great way to promote Norfolk.

I would also acknowledge Virginia Wesleyan College president Dr. Billy Greer. Virginia Wesleyan has once again been chosen by the Princeton Review as one of the nation's best colleges. It was also named a best college for military veterans.

Since its 1997 opening, the Norfolk campus of Tidewater Community College has provided thousands of our young people with educational and career opportunities. Led by Dr. Edna Behr-Kolovani, TCC's campus and 14,000 students are a major presence downtown and its workforce development program is an important economic asset.

A good education is the foundation for success in the 21st century knowledge-based economy. Most of our children are educated in the public schools.

We need all of our children to succeed academically, and while too many are not presently meeting State Standards of Learning, the fact is most students are achieving at or above required standards. Credit for this goes to their teachers, more than 200 of whom were recognized for helping their students earn 90% or better pass rates on the most recent Standards of Learning tests.

And Norfolk was one of only two South Hampton Roads school divisions named by the Virginia Board of Education as Title I Distinguished Schools for having met all state and federal accountability requirements for two consecutive years. Ocean View, Sewells Point and Willoughby Elementary earned the award by raising students' academic achievement.

Norview High School was named one of 10 Breakthrough Schools in the country for academic success, and two weeks ago Granby High School's Model United Nations team won the world Model UN at a competition against teams from across the nation. The principals of these schools are with us today – Lauren Campsen from Ocean View Elementary, Mary Wrushen from Sewells Point Elementary, June Lightfoot from Willoughby Elementary, Marge Stealy from Norview High School and Ted Daughtrey from Granby High School along with teacher and team leader Rob Lemur and students from the Model UN team. Please stand and be recognized.

I'd also like to acknowledge Norfolk Public Schools Senior Art Coordinator Barbara Laws on receiving the National Art Education Association's Art Education Award. This is a prestigious national award and a great recognition for both Barbara and the school system. Congratulations.

Too many of our young children report to school unprepared to learn. Many live in difficult circumstances. Some come to school never having been read to, some have never held a book. The day they start they are behind.

If we are to improve educational attainment we must own this problem. This means more early childhood high quality education must be offered. The school day may need to be lengthened. Summer school programs must be enhanced. Healthy lifestyles and good nutrition must be emphasized. We must begin now. The children cannot wait.

In addition to addressing these needs, the City is moving ahead with its unprecedented commitment to build six new schools over a six year period. Crossroads was the first, and we are well down the road on selecting construction companies to build the next five – a K-8 STEM school in Campostella and elementary schools for Camp Allen, Broad Creek, Larchmont and Ocean View. Including Crossroads, this is a \$146 million dollar effort on behalf of the city.

Where our kids learn is critical to their success. Our children need schools that strengthen and complement the learning process.

The strength and variety of our cultural resources has earned Norfolk the title “Cultural Capital of the Commonwealth.” This reputation was built around the Virginia Symphony, the Opera, the Arts Festival and Virginia Stage Company and dozens of excellent arts organizations such as Todd Rosenlieb Dance, the Generic Theatre and The Hurrah Players. They add immeasurably to our quality of life and are important partners for economic growth.

The anchor for our world-class cultural assets is, of course, the Chrysler Museum. The Chrysler has been closed since January 2013 for a \$24 million dollar renovation and expansion. When it reopens this May, visitors will find all its 50-plus galleries reinstalled and more of the collection on display. On the business side, the Chrysler was recently ranked number one in the nation by Charity Navigator for its programs and service, financial accountability and transparency, and its commitment to good governance.

All of this has been made possible by strong leadership from the Museum's board of trustees, and especially from Chrysler Museum director Bill Hennessey. Last September, Bill announced his intention to retire this fall. Bill, on behalf of all of us, thank you for the numerous and important contributions you've made to the Chrysler and to the City.

Norfolk Botanical Garden is another outstanding community amenity. For the past 16 years it has been ably run by its executive director, Don Buma. Don recently announced plans to retire this summer. His leadership – and his vision for what the garden could become – turned what was essentially a large city park into a nationally recognized botanical garden accredited by the prestigious American Alliance of Museums. Don, thank you for all you've done for the Garden and for Norfolk.

We continue to add to our wide variety of community amenities for residents and visitors alike. They range from improvements to our beaches and parks to facilities such as the new \$7 Million dollar Southside Aquatics Center.

The Virginia Zoo, which saw attendance figures soar with the opening of Trail of the Tiger, has now opened a \$4 million dollar animal wellness center which includes a large animal veterinary hospital that will double as an educational facility and visitor exhibit.

Health care is a vitally important community amenity. Few have health assets as strong as Norfolk. One of the most important is Eastern Virginia Medical School which last fall celebrated its 40th anniversary. Led by Dr. Richard Homan – who is the first person to hold the titles of president, provost and dean – EVMS graduates practice across the country. This includes nearly 2000 physicians and health professionals right here in Hampton Roads – a benefit that can only be described as priceless.

A recent goal of the medical school is to become one of the most community-oriented in the nation. This is being achieved through the M. Foscue Brock Institute for Community and Global Health – established last year by a contribution from Macon and Joan Brock – and by a student operated free clinic.

Let me also congratulate the medical school's CONRAD program for reproductive health on receiving up to \$80 million dollars in federal funding to support HIV research.

Sentara Healthcare – headquartered in Norfolk – is a recognized leader in the hospital industry. It has the only nationally ranked heart program in the State, and for the 14th time its cardiology and heart surgery services were ranked in the nation's Top 50.

Last November, Sentara opened the first of two new patient towers at Leigh Hospital. The facility incorporates new anti-infection technology in the form of copper-infused counter tops, bed rails, linens, gowns and towels manufactured by Norfolk-based EOS Surfaces – led by Ken Trinder – and Cupron Inc. in what's been called the world's largest clinical trial.

Congratulations also to Lake Taylor Transitional Care Hospital on completion of a 5 year, \$25 million dollar capital program that added a new wing and renovated all patient rooms. Lake Taylor is nationally known for its ventilator program, and is a place of first choice for patients recovering from orthopedic surgery and for long-term care. We are fortunate to have it in Norfolk.

At the DePaul Hospital complex, Bon Secours has begun construction on its \$25 million dollar, 4-story DePaul Medical Office Plaza which will include a comprehensive cancer center. Bon Secours Hampton Roads is led by CEO Michael Kerner who is with us today.

There are encouraging signs that the city's real estate market is showing sustainable improvement. Building permit activity is back to pre-recession levels. The number of distressed sales fell for the second year in a row, year-over-year home sales increased, the median price for homes increased and the overall assessed value for real estate moved into positive territory, showing a one-half per cent increase, and is projected to increase by 1% this year.

From the Southside to Ocean View, more than \$300 million dollars in new residential development completed, underway or announced will bring 1350 units of housing to the city. This continues the recovery of Norfolk's residential real estate market from its low point in 2010 following the Great Recession.

The 187 unit Promenade Point luxury waterfront apartments at Roland Park are nearing completion.

Element at Ghent – a 164 unit apartment complex – is underway and scheduled

for completion later this year; and the City's last working farm in the Crown Point area will soon be the site of The Pointe at Pickett Farm, a \$35 million dollar, 300 unit apartment development.

In Ocean View, construction continues on Pointe East at Harbor Walk, a \$25 million dollar project of 120 homes and town homes in the Harbor Walk community.

The East Beach Marina apartments – a \$25 million dollar, 136 unit project by Marathon Development – is on track for a spring completion.

Of special note, ground was broken for the final phase of the East Beach development consisting of retail and a mixture of 80 townhomes, single-family homes, cottages and carriage houses. This is a great success story skillfully and lovingly nurtured by Bart Frye.

Led by Buddy Gadams, Marathon Development also has projects underway that will add 669 housing units and bring an estimated 1,000 new residents to downtown.

Buddy has completed a \$25 million dollar renovation to the Wainwright building, converting it to 126 apartments. Nearly all have been leased – most by people moving to the city – 80% of whom are age 30 and younger.

Metro on Granby – a handsome \$35 million dollar, 188 unit project – will be ready to lease this spring. A \$13 million renovation is underway on the former James Madison Hotel that will add 79 apartments when it opens later this year.

Across Brambleton, sales began in December at 220 West – formerly The Franklin condominiums – which consists of 19 units and a \$19 million dollar investment.

Recently, Buddy agreed to purchase the Union Mission building and complete its long awaited transformation into 122 apartments. This is a \$17 million dollar project. I promise never to announce this again.

And today, Buddy has allowed me to announce he'll soon begin construction on a \$22 million dollar conversion of the Trader Building at 100 W. Plume Street into 135 units that are planned to be the most high-end apartments in Hampton Roads. An April closing is scheduled.

Together, these represent a \$131 million dollar investment by one company in

downtown – and a total of \$156 million across the city. Buddy is here today, so please join me in congratulating him.

On the Southside, plans have been announced for a mixed-use development next to the Berkley Shopping Center. The Banks at Berkley – named for longtime civic leader George Banks – will feature 50 apartments with a retail component and Bon Secours medical offices.

Also in Berkley, The Crossings at Campostella – a \$20 million dollar residential development of 150 apartments and 25 single-family homes – is planned for the former Burton Lumber site. This is being developed by the Franklin Johnston Group.

For Norfolk, flooding and sea level rise is a defining challenge for the 21st century, and the City is fully engaged in addressing it through a comprehensive approach.

Last year, protection of our bay-front shoreline from erosion and storm damage was strengthened with seven new breakwaters along Willoughby Spit, and by 30,000 cubic yards of sand used to widen areas needing more beach. A future project with the federal government will provide periodic beach nourishment in Ocean View over the next 50 years.

In November, construction standards for building elevations were raised from one foot to three feet – the highest in the region – and established criteria for when existing structures must be elevated.

To reduce incidents of tidal flooding on a meaningful scale, barriers – such as seawalls and tide gates – are needed. The cost to erect barriers is estimated at over \$1 billion dollars.

We have met with the Army Corps of Engineers, our congressional delegation, and we have been to the White House where we met with officials of OMB to seek flood mitigation funding.

Transportation is destiny, and our destiny has substantially improved with the General Assembly's passage of House Bill 2313 last year. Thanks go to former Governor Bob McDonnell, Speaker of the House Bill Howell, Delegate Chris Jones, Senator Frank Wagner, the entire Norfolk General Assembly delegation and more. It was a true bi-partisan effort with support from then candidate for Governor – Terry McAuliffe.

It provides the first significant funding increase for transportation since 1986. Statewide, nearly \$900 million dollars in new revenue will be generated annually. Here in Hampton Roads, an additional \$200 million will be raised. Together with federal and state funds, billions of dollars of needed transportation projects can move forward – the widening of I-64 on the Peninsula and a third crossing of the harbor among them.

We welcome the administration's pledge to unlock the economic potential of Hampton Roads and our port with rail and transit improvements.

For the present, construction is well underway on the largest regional transportation project in a generation – a second Midtown Tunnel. Time is money.

When finished less than three years from now, round-trip travel time between Norfolk and Portsmouth will be cut by 30 minutes. It will also improve commerce and the quality of life for residents and commuters. The cost of this \$2 billion project is being funded primarily by commercially unreasonable tolls.

Thanks to Governor McAuliffe and Transportation Secretary Aubrey Layne, the tolls have been reduced for the duration of the construction period. We appreciate this effort on behalf of those who regularly use the tunnels, and expect some way to be found to stabilize rates at a more reasonable level in the future.

Secretary of Transportation Aubrey Layne is with us today. He's everywhere. Aubrey – thank you for being here and for the great job you are doing.

Intercity passenger rail service has been a great new addition to the region's transportation options. Last December, riding the train became more enjoyable when our passenger station opened at Harbor Park. It was designed with the future in mind, and can easily be expanded in response to projected growth in passenger volume, which has doubled in Virginia in just four years.

A year after we brought Amtrak service back to Norfolk, I am happy to say we now have one of the top three most financially successful Regional corridors in the nation. Just imagine how successful we will be once service from Norfolk leaves later than five in the morning.

With our intercity and light rail stations, regular HRT bus service and ferry service, we have achieved the goal of establishing a major, intermodal regional transportation hub at Harbor Park.

I'm also pleased to report that daily ridership on the Tide continues to run

between 4 and 5 thousand – or the equivalent of nearly 100 bus loads of people every day – far above expectations. Extension studies and design proposals continue to be evaluated by our friends in Virginia Beach for connecting light rail to the Town Center, and eventually on to Rosemont Road and the Oceanfront.

Studies to extend light rail to ODU and the Navy Base are proceeding.

After two and one-half years of operation, light rail has proven to be a safe, reliable and on-time mode of transportation that should be expanded to Virginia Beach and elsewhere in the region.

Other important highway projects last year included the repaving of I-264 – thank goodness – and the Hampton Boulevard grade separation. When completed, this project will eliminate significant delays for traffic on a heavily traveled road leading to the Navy Base and for trains serving the port.

In December, a design-build contract was awarded for construction of the I-564 Intermodal Connector – a \$169 million dollar project that will relieve congestion and improve the level of service on city and navy streets. It will also reduce truck traffic on Hampton Boulevard. Significantly, it will be the first section of roadway built for the next major regional project – Patriot's Crossing - the single most important transportation project for congestion relief in the region, and for diverting traffic away from the Hampton Roads Bridge Tunnel. The project was strengthened by the unanimous support of the HRTPO and VDOT's decision to stop all work on studies to expand the HRBT. The third crossing also supports our two main economic drivers – the Navy and the Port – and allows for a transit component to the Peninsula.

With so many positive developments happening in the city, it is worth remembering that we are just a few years removed from one of the most challenging economic downturns in the nation's history. Our economy showed remarkable resiliency, faring better than most parts of the country thanks to the buffering effect from defense spending, from a diversifying economy and from a workforce equipped with skills needed to compete with other regions in the U. S. and abroad.

Our economy continues to grow. The budget is well-managed. We saw our already excellent bond rating upgraded by Standard & Poor's. Local revenues continued to improve and we finished the fiscal year with a \$5 million dollar surplus. Our crime rate fell by 4%, continuing a decade long trend. We continue to lead the region in total average compensation per job, the unemployment rate has dropped a full 1%, our population continues to grow and we have \$1.3 billion in development that's bringing more than 3000 new jobs.

Our colleges and universities are making investments that contribute to the city's economy and increase its reputation as a center for higher education, for medicine, entrepreneurship and technological innovation.

Light rail, passenger rail and, soon, an expanded Midtown Tunnel and I-564 Connector, will improve the flow of commerce and improve access for commuters and visitors.

With help from each of you here today, we are making steady progress in building a better Norfolk. The state of this old seaport city is strong, and the future looks bright. It is my honor to serve alongside my city council colleagues as we work to build a better home for ourselves and for our children.

God bless you and God bless the City of Norfolk.